GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1172
ANSWERED ON:10.03.2005
SUPPLY CONTRACTS FOR OIL
Adhalrao Patil Shri Shivaji

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government is considering for 5-6 years' supply contracts instead of the present practice of one year arrangement of oil;

(b) if so, the details thereof;

(c) the extent of which the revenue would be saved therefrom; and

(d) the present position of spending on purchase of Crude Oil?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): This issue was discussed during the first Round Table of Asian Ministers on regional cooperation in the oil & gas economy held in New Delhi on 6th January, 2005 which was attended by Ministers/representatives from Iran, Japan, Malaysia, Oman, Qatar, Saudi Arabia, UAE, Kuwait, China, Korea besides host India. The inaugural address of the Chairman and the statement by the Chairman setting out the draft conclusions of the conference are attached.

(c): Long-term contracts ensure security of supply, but prices are determined in international markets. As such, long-term contracts by themselves do not in the normal course provide for savings in expenditure.

(d): During April-December, 2004 71.74 million metric tonnes (MMT) of crude valued at Rs 85,541 crore was imported as compared to 66.94 MMT of crude valued at Rs 60,450 crore during April-December, 2003.